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What's Behind Ashland's Growth Strategy
Clean Air Proposals Spark Jobber Concern
How TBA Buying Group Plans Comeback

NPN

National Petroleum News

Impact Of Regs, Legislation Has Jobbers Teetering

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Editor's Viewpoint

"Half a league, half a league, half a league onward, all in the valley of death . . ."

Marketers today must be feeling a bit like the famous cavalrymen immortalized in Tennyson's epic poem "The Charge of the Light Brigade." Though not literally riding into a valley of death, they're definitely under the gun, facing a seemingly endless barrage of regulations and legislation, all hitting within a short span of time.

"Cannon to the right of them . . ." Underground storage tank and financial responsibility regs;

"Cannon to the left of them . . ." Stage II, new RVP standards;

"Cannon in front of them . . ." Mandated health benefits, proposed minimum wage hikes.

The combined impact of these and other regulatory and legislative bombshells has blown craters in the bottom line results of most jobbers and the effect has and will be serious.

"Stormed at with shot and shell while horse and hero fell . . ." Heavy casualties are expected, the only question is how heavy. A PMAA membership survey indicated 27,000 to 35,000 stations could shut down within a year because of environmental regulations alone. A SIGMA survey revealed a less dramatic fallout—2.2% of its member's stations closed in 1988 for environmental reasons and 4.1% are expected to shut down this year for the same reason. That's about 1,000 outlets lost in two years. The disparity is due to SIGMA members typically being larger than PMAA's (smaller and rural jobbers are most endangered) and differently framed survey questions.

The industry consensus, then, is that many jobbers will fall, either forced out of business by costs and problems associated with the regs and laws or because they're just fed up and voluntarily decide to bail out.

"Their's not to make reply, their's not to reason why, their's but to do and die . . ." Sorry, but that's where jobbers part company with the cavalry. Those who couldn't reason are long gone. The survivors have proven amazingly resilient and adaptive—not to mention tough and crafty.

And there's the bright side. Those kind of people don't go belly-up very easily. Many jobbers now being counted among the walking wounded will probably be back in the saddle in short order. There is a good chance, I think, that more jobbers than expected will overrun the obstacles and the casualty rate will be lower than anticipated. *"Plunged in the battery smoke, right through the line they broke . . ."*

—Frank Victoria

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All petroleum marketers are getting hit hard by a wide assortment of new government mandates. But everyone agrees that small jobbers are the most seriously threatened segment of the industry.

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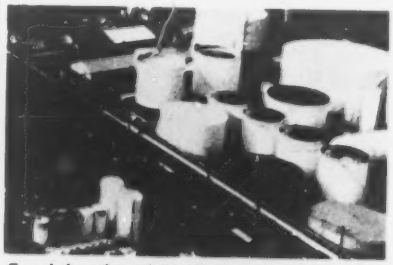

Surviving the crisis of a massive oil spill in the Ohio River last year, Ashland Oil is moving ahead to strengthen its operations in three major areas.

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Dealer TBA buying groups have come and gone over the past 20 years or so, but one group—PRO-USA out of Salt Lake City—plans to make its presence felt with national drop-ship program and other initiatives.

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• TRENDS

Crude Prices In '90s May Not Be That Bad

How high are crude oil prices really going to get in the '90s? And what about that turn-of-the-century, now only 10 years away? In recent times, "guesstimates" and speculation have produced projections up to $100/bbl.

That could happen, of course, but the probability factors have all but deflated that sort of an economic nightmare—at least for now. On the other hand, there is a warming feeling that crude oil price increases may be relatively moderate in the years ahead. By 2000 A.D., the optimists think, crude prices should still be well under the wild days of 1979-1980 when they doubled and tripled and sent product prices skyrocketing and $40 to $50/bbl. crude wasn't unusual. Neither were $1.40 regular and $1.60 premium gasolines.

Conoco, which only recently resumed making long-term projections after a two-year sabbatical, says it believes that crude oil prices will remain below the $20/bbl. level, where they are now, until the mid '90s, at which time they will have risen to about $24/bbl.

This is based on the idea that the Organization of Petroleum Exporting Countries will opt for moderate pricing formulas in the 1990s despite the growing dependence of the United States on imports. A Conoco analyst says: "I think OPEC learned some lessons by setting the price too high in the past."

The federal government is tilting in that direction too. Its recent Annual Outlook for Oil and Gas used the conventional three-tiered high-low-base forecast. Significantly, the highest price projection it made for 2000 was $35/bbl. That's a bit steep, of course, but it's still below the average landed prices of $38 to $39/bbl. in 1981. This forecast is shown in Chart A.

Everybody's entitled to a guess and a prediction, of course, and further along in its recent report the government economists show that others are about in the same ball park. They matched their 1989 and 1987 forecasts with those of Data Resources, Inc., Wharton Econometric Forecasting Associates, Gas Research Institute and American Gas Assn. That's shown in Chart B.

All of the projections are tied in closely with Gross National Product (GNP) expectations. Chart C shows what the various prognosticators (excluding AGA, which had no data available) foresee for the Real GNP in terms of billions of 1988 dollars.

— by J. Richard Shaner

CHART A
World Crude Oil Price
(1988 dollars per bbl.)

	1988	1990	1995	2000
Base	$14.64	$15.00	$20.60	$28.00
Low Price	14.64	12.89	16.70	21.70
High Price	14.64	18.00	24.40	35.00

CHART B
World Crude Oil Price *
(1988 dollars per bbl.)

	1988	1990	1995	2000
Federal '89	$14.64	$15.00	$20.60	$28.00
Federal '88	17.39	18.43	23.18	31.84
DRI	14.92	16.10	18.48	24.43
WEFA	14.77	13.08	16.95	21.19
GRI	18.98	21.32	24.18	28.08
AGA	16.17	16.34	20.00	24.48
Average	16.15	16.71	20.57	26.34

* U.S. refiners average acquisition cost of crude oil.

CHART C
(Billions of dollars)

	1988	1990	1995	2000
Federal '89	$4,851	$5,119	$5,775	$6,517
Federal '87	4,717	4,975	5,576	6,179
DRI	4,851	5,057	5,666	6,348
WEFA	4,768	4,971	5,645	6,401
GRI	4,772	4,960	5,541	6,250

• MARKETPLACE AT A GLANCE

AVERAGE GASOLINE PRICES IN THE U.S. (per gal.)

MAY	Gasoline (All types)	Leaded Regular	Unleaded Regular	Unleaded Premium
U.S. City Avg.	$1.152	$1.098	$1.119	$1.278
Regions				
Northeast	1.149	1.052	1.096	1.289
North Central	1.161	1.125	1.129	1.299
South	1.135	1.086	1.098	1.243
West	1.170	1.107	1.158	1.317

Source: U.S. Dept. of Commerce, Bureau of Labor Statistics.

STOCKS (add 000 bbl.)

	6/30/89	7/1/88
Gasoline (total)	220,380	209,739
Gasoline (unleaded) *	157,194	132,088
Jet Kerosine	39,625	38,704
Distillates	100,434	111,364
Residual	43,212	41,113

** Included in gasoline total.*
Source: American Petroleum Institute.

SIGMA Confirmation: Environmental Regs Are Killing Smaller Stations

In a survey that contrasts numerically—but generally supports earlier findings by Petroleum Marketers Assn. of America—the Society of Independent Gasoline Marketers of America confirms that environmental regs are killing off smaller service stations, many of which are in rural areas where big volumes are impossible to achieve and sustain.

SIGMA, in its latest annual profile, says its members closed 2.2% of their stations in 1988 and expect to close another 4.1% in 1989 because of the economic impact of the environmental regulations.

SIGMA says this means that more than 1,000 of its members' gasoline stations have or will be shutdown in the two-year period. This is miles apart from the PMAA study earlier this year, which said 25,000 to 35,000 gasoline stations were facing economic execution by the end of 1989 because of underground storage tank and liability insurance problems [*NPN*—Mar. '89, p77].

SIGMA was quick to note that its survey procedures differed from those of PMAA, the questions were not the same and—most of all—its membership, consisting mostly of large chains and combinations, was positioned better to withstand the economic fallout than the smaller PMAA members.

"SIGMA members typically own and operate 51 outlets and supply another 27," says executive director Ken Doyle. Of greater significance than the closing, says Doyle, was the high cost of environmental compliance to keep stations open.

Members reported in the survey that they had spent $130-million in 1988, excluding insurance. This, he says, averages $410,000 per company or $8,000 per station—more than twice the 1987 averages.

Doyle also noted that the average company invested $238,500 in environmentally-related equipment in 1988 and more than $100,000 per company ($2,000 per station) on staff time to comply with record-keeping and reporting. Environmental testing cost another $72,000 per member or $1,400 per station.

In its report, SIGMA proudly said its membership is now 315 in all 50 states, Puerto Rico, Canada and the Southwest Pacific. The report added:

SIGMA member companies sold 22.7-billion gal. of fuel in 1988, which represents almost 17% of the 134.4-billion gal. of motor fuel sold in the United States last year. SIGMA members also accounted for the sale of $4.6-billion worth of non-fuel items.

SIGMA members supplied 25,700 service stations in the U.S., of which 11,000 were direct-ops and the balance mostly contracts.

SIGMA members employ 93,000 individuals and, through their networks, are responsible for 102,800 additional jobs.

Individually, this is what the average SIGMA member looks like:

- Motor fuel supplied: 72-million gal.
- Non-fuel items sold: $14.6-million.
- Retail outlets supplied: 78.
- Direct-ops: 35.
- Employees: 298.
- Average employees per direct-op: 8.5.
- Remodeling/refitting: $850,000.
- New construction: $1.05-million.

Here's a breakout on capital spending, including environmental items:

	All SIGMA Members	Avg. Per Company	Avg. Per Owned Outlet
New Stations*	$330,000,000	1,050,000	NA
Remodel/Refit	270,000,000	850,000	NA
Total capital	600,000,000	1,190,000	$35,000
Environ. Equipment	75,000,000	238,500	4,700
Environ. Testing	23,000,000	72,000	1,400
Environ. Compliance	32,000,000	100,000	2,000
Total Environ.**	130,000,000	410,000	8,000

* Excluding land; ** excluding insurance.

PRI Boosts Capacity At Hawaii Refinery

Honolulu-based Pacific Resources, Inc., will increase its refinery capacity by 15,000-b/d to 95,000-b/d at a cost of $25-million, says the company.

The boost in refinery capacity is a major step toward increasing downstream capacity, says Robert G. Reed III, company chairman and CEO.

Among other things, the project will increase jet fuel and diesel production for the Hawaii market, Reed says.

The project will involve identifying factors that restrict current production and modifying them to increase production.

PRI's refinery, located on the island of Oahu, last underwent an increase in capacity in July 1988, going from 67,900-b/d to 80,000-b/d.

(Bush . . . continued from page 23)

environmentally redeeming quality except during one instance: refueling, says an industry official. At least one association exec puts the percentage of the time a car is being refueled at a fraction of 1%.

Missouri's Hahn says another loophole in the Stage II theory is consumer competency in operating the uncooperative nozzles. He says the Stage II nozzle has to remain in the motorists fuel tank for 10 seconds after the flow of gasoline is halted in order for the vapors to be retained.

If St. Louis, where Stage II equipment has been in place for about a year, can be considered a pilot market, scores of petroleum marketers will be raising white flags. Hahn speculates that by the end of 1990 Stage II will thin St. Louis marketers by 25%.

Hahn says Stage II translates to a stinging initial installation cost of between $20,000-$25,000 per station. But another problem is that the bills with Stage II keep on compounding; $2,500 per station, per year is typical maintenance, he says. PMAA has put Stage II installation at $30,000 an outlet.

Hahn, when asked what merit Stage II has, says, "None at all."

Eric Kroesche, PMAA senior vice president, attacked Stage II when he addressed a House Energy and Commerce subcommittee last spring, saying consumers often incur refueling overflows with Stage II.

He also cited the need for equipment inspection to identify deficiencies in the Stage II devices.

The Southern California Service Station Assn. humorously hypothesizes, "The motorist in the 1990s will typically be driving a high performance engine through gridlock, stopping periodically to refuel and spill methanol on his shoes from a vapor recovery nozzle." Along with humorous, harrowing as well.

With the indictment of Stage II coming from EPA, an authority intimate to Bush—and from other corners also—why did the president choose to defy the anti-Stage II lobby? According to PMAA, Bush may have wanted to tackle the ozone levels where they were highest rather than on a more indiscriminate basis. "Speculation is that he preferred a localized strategy applicable only to certain non-attainment areas rather than the broad national approach provided by on-board canisters."

Another theory that has been circulating is that John Dingell (D-Mich.), the influential Democratic chairman of the Committee on Energy and Commerce, would not have stood for a measure that included on-board canisters.

Of course, the president's clean air plan, without the validation of Congress, is sunk. Should legislators agree to Bush's revisions, the plan would become effective Dec. 31, 1989. It would be the first time in a dozen years that Congress will have significantly altered the Clean Air Act.

Majors Unveil Aggressive Plan To Prevent And Contain Oil Spills

Prodded by the Exxon Valdez disaster which caused the largest oil spill in U.S. history, the nation's biggest oil companies unveiled a $250-million program to prevent "catastrophic" spills.

Outlined in the program are plans for prevention, containment and cleanup of major oil spills as was seen this past March when an Exxon Corp. tanker collided with an underwater reef in Alaskan waters spilling more than 200,000-bbls. of crude.

The program calls for the creation of an independent agency called the Petroleum Industry Response Organization (PIRO), which will establish a Washington headquarters and five regional response centers that will be manned around-the-clock and equipped to act quickly in the case of any giant spills. The regional response centers will be located in five cities: Seattle, New Orleans, New York, Norfolk, Va., and Long Beach, Calif.

The port of Valdez would remain, however, under Alyeska Pipeline Co.'s jurisdiction. The Seattle facility, as well as any of the others outlined in the program, would provide assistance to the owners of the Alyeska Pipeline Co., which s currently providing an improved emergency response facility for Valdez harbor and Prince William Sound as necessary.

Objective	Estimated $k/yr. Yr. 1-2	Yr. 3-5
•Preventing loss from/away from ship	150	150
•On-water oil recovery and treatment	2,650	1,850
•Preventing and mitigating shoreline impact	3,450	1,675
•Fate and effects of oil in the environment	2,100	1,100
•Wildlife preservation	700	150
•Health and safety	300	50
Total per year	9,350	4,975
Overall for period	18,700	14,925
Grand total	33,625	
	($30-$35-million)	

The industry task force, composed of the CEOs of the eight largest U.S. oil companies: Amoco Corp., Atlantic Richfield Co., BP America Inc., Chevron Corp., Exxon Corp., Mobil, Shell Oil Co. and Texaco Inc., also recommended changes in tanker operations and encourages the funding for extensive research into spill control and mitigation.

Mobil Corp. chairman Allen Murray and chairman of the eight-member task force that the API created April 7 in the wake of the Valdez accident in Prince William Sound, explained that, "The three-part program will provide improved environmental protection wherever tankers operate in U.S. waters."

Industry shortcomings

Calling for more government oversight in shipping and cleanups, the task force acknowledged some of its shortcomings in its existing methods of handling big oil spills along the U.S. coast.

Murray said, "The industry has a good record in responding to non-catastrophic spills. Catastrophic spills have been infrequent." He added, "The industry has neither the equipment nor the response personnel in place and ready to deal with catastrophic tanker spills . . . Industry can promise only its very best efforts in responding to such spills."

"Speed and decisiveness are critical to effective spill response and the procedures in place in the U.S. are hardly conducive to either," Murray explained.

According to API, the petroleum industry officials emphasized that it cannot guarantee the government or the public that all tanker spills resulting from an accident can be eliminated. But it explained that it will provide more preventative measures, greater availability of much needed equipment and trained manpower to deal with a potential spill, including containment and cleanup.

Some oil industry officials say existing oil spill cooperatives can only handle spills of about 10,000-bbls.

Under the new plan, each center will be equipped to respond to a spill of approximately 200,000-bbls. (30,000-tons)

(Continued on page 34)

Fuel-Switching For Power More Limited Than Thought

There's less flexibility in fuel-switching for industrial and power needs than most petroleum marketers realize, an Energy Information Administration study on this subject says.

Published in May but not distributed until mid-June, the study says that only 3% of the petroleum consumption in 1989 could be switched within a 30-day period in the event a major supply disruption occurs.

In the same vein, if the switch has to last six months or more, the maximum is only about 3.5%.

The study assumes the switching could be sustained indefinitely using existing equipment and without any loss in economic activity or well-being.

Here are the EIA's findings:

Projected Emergency Fuel-Switching Capability 1989 (000-b/d)

Sector	Consumption	30-Day Switching Capability	180-Day Switching Capability
Total Industrial	4,330	227 to 268	227 to 304
Manufacturing Heat and Power	345	106 to 119	106 to 137
Other Industrial (a)	3,985	120 to 148	120 to 167
Residential	890	97 to 135	97 to 140
Commercial	540	28 to 49	28 to 52
Utility	510	0 to 70	0 to 70
Transportation	17,210	352 to 540	352 to 653

(a) Includes petroleum use in agriculture, construction and mining, feedstocks, liquefied petroleum gases and coke.

Source: EIA Estimates of Short-Term Petroleum Fuel-Switching Capability, published May 1989.

Auto Mechanics' Reputation Needs Overhaul, Groups Urge

The stereotyped perception of the auto repairman, i.e. a "grease monkey" that conducts business in a cramped, dismally lit garage, "must improve in order to [draw] skilled technicians," according to the Automotive Information Council.

A change in terminology over the years—from "grease monkey" to the more dignified auto "technician"—must be accompanied by a broader knowledge of the complex engine says AIC.

"Changes in motor vehicle technology have come—and will continue to come—so fast that technicians working on today's vehicles must learn about more new systems every year than mechanics of the 1950s and 1960s had to learn in 10 years," says Robert Calderone, AIC president.

The industry, according to AIC, must improve some of its shortcomings if it is to serve adequately.

Calderone says incoming personnel need to be more attuned to today's demands which means a sharper focus in high school and vocational school, and, secondly, todays current batch of technicians also must upgrade their overall skills.

Despite the insurgence of computerization and today's considerable mechanic population (one estimate says there are 650,000 in the field), some industry groups are predicting an even greater manpower shortage.

According to AIC, "Industry trade groups are looking for solutions to the car repair crisis and are predicting it will get even worse."

AIC says Goodyear Tire & Rubber Co. has figured the vehicle to technician ratio for the 122-million cars cruising America is 235-1.

Unsatisfactory pay may not be at the root of the technician drought. "Highly qualified and experienced technicians throughout the country can earn $40,000 to $50,000/yr.," says AIC.

CASI Offers New Credit Card

Fast lube operators can recoup as much as $800 annually, per outlet, in credit card processing in a program the Convenient Automotive Services Institute, along with Credit Card Software Systems, Inc., has created.

Six petroleum marketers opted for the Credit Card Merchant Discount Program within a week of its introduction, reports G. Lawrence Northup, CASI executive director. Northup says a marketer needs to be a CASI member and have an electronic "card swiper" which Northup says costs about $250; there are no fees.

CASI/Credit Card Software Systems' discount rate is 1.39% plus 25¢ for each transaction. Northup explains that the percentage received by a bank from a transaction in the fast lube business averages 3.4%, according to a CASI survey.

Northup says processing goes 1% or so beyond that in some instances.

For a chain of stores or for an operator that has more than 3.4% clipped from a transaction, the money salvaged is greater, CASI notes. The electronic scanning used in the program also helps to reduce the number of times risk is assumed. According to CASI, the program "utilizes advanced electronic scanning equipment to minimize back charges, deposit delays and the cost of accepting overdrawn or stolen credit cards."

Inquiries on the Credit Card Merchant Discount Program can be directed to the CASI office at P.O. Box 34595, Bethesda, Md., 20817 or (301) 897-3191.

PMAA Announces Staff Restructuring

The Petroleum Marketers Assn. of America has restructured its staff somewhat to expand operations and to replace its fuel-oil specialist who was terminated in late spring.

Executive vice president Phil Chisholm named Amy Graham, staff counsel for transportation, OSHA, Superfund and other issues, as heating fuels counsel, succeeding Richard Cahoon. A successor is being sought to take over Graham's old job. She has been with PMAA for three years and has a B.A. from Syracuse University and a J.D. from Albany (N.Y.) Law School.

Chisholm also announced the promotion of Al Cobb to vice president for legislative and political affairs and named staffer V.A. Stephens as his assistant.

Chisholm said that when all positions are filled, the staff will number 20 persons and all will be accommodated without exceeding budgetary levels approved last October.

Low Refinery Supply, EPA Regs Spark Spot Product Shortages

Scattered shortages have been reported throughout the Midwest in the early summer months, as refineries, responding to low crude prices and new Environmental Protection Agency stardards on gasoline volatility, have found themselves tight on supply.

Parts of Iowa, Nebraska, Kansas, South Dakota, Illinois, Texas, North Carolina, Colorado and Wisconsin have reported shortages of supply and long lines at the terminals.

One South Dakota marketer explains that all but one of his 13 supply sources was out of product. Where his transport drivers were used to simply dropping by and immediately picking up a load, 10 to 18-hour waits are now commonplace.

Many factors have come together to create this summer of spot shortages, observers say. Among these factors are the EPA's new volatility standards that lower the Reid Vapor Pressure (RVP) of gasoline, low crude prices forcing refineries not to keep any excess supply, the traditionally high demand for gasoline in the summer, refinery repairs and periodic testing by pipeline companies.

The new RVP regulations, effective June 1, have limited refinery capacity and prevented the sale of gasoline not brought up to standard. RVP problems are said to be causing shortages in Texas, Colorado and North Carolina, where refineries are unable to come up with supply that meets the specs.

A spokesman for the Williams Pipeline says low supply from refiners, the RVP standards and line testing have combined to create some of the problems in the Midwest.

Some observers feel the RVP standards are just one factor affecting supply. One Lincoln, Neb., marketer says with the price of crude being so low, refiners have no incentive to keep extra supply for times like this. "There used to be a cushion of supply. Now with crude prices so low, no one can afford to be sitting on any extra supply," the marketer says.

Outages in the Midwest were also attributed to line testing being conducted by the Williams Pipeline and technical problems on the Kaneb line.

Marketers say few of the supply problems have affected consumers. A handful of reports of stations closing for a few hours have surfaced, but the majority of the lines have not been at gasoline stations, but at the terminas.

Many marketers have been forced to send their transports out of state for product. "We're having to pay an extra 3-5¢/gal. for freight," says the Nebraska marketer.

While problems with pipelines have been overcome, tight supplies and strong demand in some areas will force more temporary outages through the summer, observers predict.

Reporting, Record Keeping Vital In UST Compliance

Underground storage tank owners not only have to meet EPA guidelines for leak detection, corrosion and spill protection, now they have to prove their compliance as well, says a UST testing firm executive.

Tank owners must report significant facility activities such as openings, closings and repairs to state and local authorities and maintain detailed records of UST operations under new EPA guidelines. "In the past, UST owners/operators needed to report only at the beginning and end of their tanks' operating lives," says Jeffery Johnsen, manager of Professional Tank Services, Ltd., Schiller Park, Ill.

"However, if tanks undergo modifications or repairs, or should a release occur, authorities must be notified within pre-established time periods," Johnsen says. Owners now have 24 hours to report a leak. They must also provide a plan of action to correct the leak and, later, documentation that the leak was cleaned up.

When tanks are installed, owners are required to complete a notification form, which is available from each state's approved regulatory authority. The forms require information about the UST, including certification of correct installation. Authorities must also be notified 30 days before a tank is permanently closed.

Owners must report suspected and confirmed releases during a tank's operating lifetime and, in case of a confirmed release, report remedial actions that are planned and taken to correct damage from a leak.

"Additionally, UST owners must maintain compliance records that can be provided to an inspector during on-site visits," Johnsen says. "Records must prove that [tanks] meet requirements in four major areas—leak detection, corrosion protection, repairs/upgrades and post-closure assessments."

Johnsen points out that leak detection performance and upkeep records must include last year's monitoring results, the most recent tightness test, copies of performance claims provided by leak detection manufacturers (for five years), recent maintenance and repair activities and the calibration of leak detection equipment installed on-site.

Owners must also keep records showing that the two most recent inspections of their facilities' corrosion protection systems were carried out by properly trained professionals, that repairs and upgrades were properly made and, depending on usage, that the tank passed a tightness test and internalinspection.

For at least three years after a tank closing, owners must maintain records of site assessment results required for permanent closure. The results should explain any impact a UST has had on the surrounding areas.

"We have worked with UST operations in all parts of the country," Johnsen says. "We've found that individual owners should check with state and local regulatory authorities about particular record keeping requirements in their areas. When in doubt, owners should retain old records."

(Majors . . . continued from page 26)

and each center will be available to support a spill elsewhere. Thus, this will greatly increase the industry's ability to respond to a devastating oil spill.

Funding

The petroleum industry has already agreed to put up between $70-million to $100-million to get the new organization up and running.

The estimated annual outlay for keeping the PIRO program in operation will run between $30-million and $35-million thereafter. PIRO is expected to be operating by year end and it will employ 285 people. Each of the five regional centers would have $14.7-million of equipment and personnel on hand.

Fourteen major oil companies have agreed to fund the organization through an increase in charges already levied on oil brought into U.S. coastal ports.

The task force recommends that the secretary of transportation, through the Coast Guard—which has a presence around the nation's coasts and a military command structure—oversee and manage major oil spills, while PIRO would provide equipment and skilled personnel to respond to any spills.

Other recommendations by the task force include: expanding the Coast Guard's authority to randomly test for drug and alcohol among tanker crews; expanding research on the environmental impact of oil spills and remediation procedures and increased lobbying efforts for more stringent regulations of oil tankers.

—Peggy Smedley